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UNCLAS SECTION 01 OF 02 KUWAIT 001607

SIPDIS

SENSITIVE
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PASS TO EEB, S/CT AND INL

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TAGS: [EFIN](#) [ETTC](#) [KCRM](#) [PREL](#) [PTER](#) [KTFN](#)
SUBJECT: TERRORIST FINANCE: RESPONSE TO FOLLOW-UP ACTION
REQUEST ON ILLICIT CASH COURIERS

REF: STATE 152088

11. (SBU) In response to reftel post provides the following responses.

12. (SBU) Status of host nation laws specifically criminalizing bulk cash smuggling:

On March 10, 2002, the Amir (Head of State) of Kuwait signed Law No. 35/2002, which criminalized money laundering. Law No. 35 criminalizes cash smuggling within the context of money laundering and criminal activity. Article 2 of the law makes illegal "the conversion, transfer, possession, acquiring, using, keeping or receiving money, knowing that they are derived from a crime or one of the acts of participation herein. The concealment or disguise of the true nature of the money, its origin, place, manner of disposition, movement or rights to it or its possession, knowing that it is derived from a crime or any act of participation in the same." Since Law No. 35 was enacted, the GOK has embarked on a legal review of the existing law through the establishment of an inter-ministerial National Committee.

13. (SBU) Key elements of those laws:

The anti-money laundering law provides for a penalty of up to seven years of imprisonment in addition to fines and asset confiscation. The law includes articles on international cooperation and the monitoring of cash and precious metals transactions. Currency smuggling into Kuwait is also outlawed under Law No. 35.

14. (SBU) Cross border reporting requirements for inbound/outbound movement of currency and monetary instruments:

The GOK currently has only a cash entry declaration policy as stipulated in the 2002 law, and subsequent Finance Ministry resolutions. The law does not require individuals to file declaration forms when carrying cash or precious metals out of Kuwait. Cash reporting requirements are not uniformly enforced at ports of entry. Provisions of Article 4 of Law No.35 require travelers to disclose to the customs authorities, upon entering the country, any national or foreign currency, gold bullion, or other precious materials in their possession valued in excess of 3,000 Kuwaiti dinars (approximately USD 10,000). According to U.S. Customs advisors based in Kuwait, these legal requirements are not well publicized nor are they immediately visible to travelers arriving through key entry points (e.g., airports, ports).

15. (SBU) Host country actions to interdict potential cash couriers or to throw risk into the system:

The GOK maintains an active inspection facility at Abdali on the Kuwait-Iraq border to inspect and seize cash and other smuggled goods bound for Iraq. This facility is equipped with an x-ray machine and is staffed by Kuwaiti police and customs inspectors. U.S. Customs advisors are working with Kuwait General Administration of Customs (KGAC) to replicate the efforts of the Abdali facility at other Kuwait entry points. In an effort to outsource its revenue collection program, KGAC has signed a contract with two large private Kuwaiti firms (Global and Agility) to begin customs revenue collection at entry points as part of KGAC's broader privatization effort.

¶6. (SBU) Status of investigations into bulk cash smuggling laws:

The Office of the Public Prosecutor confirms referring one case of bulk cash smuggling involving USD 1.2 million to the Kuwaiti courts for further investigation and prosecution.

¶7. (SBU) Prosecutions under bulk cash smuggling laws:

Several cases have been opened under Law No. 35, but only two cases have gone to court. The cases reportedly involved cash smuggling and failure to report currency transactions. No details have been made available to Post.

¶8. (SBU) How mission elements have engaged relevant partners to develop and execute a cash courier interdiction plan:

As part of an intensive training program with the IRS on November 11-15, 2006, 42 representatives from over 31 government agencies and financial institutions in Kuwait received training in financial investigative techniques. The

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program was designed to explore the practical skills required to conduct financial investigations and stop the illicit movement of funds. In July 2005, the Finance Ministry issued a resolution (No. 9) requiring KGAC to "prepare a Declaration Form (for entry only) in coordination with the related bodies" and making KGAC "responsible for receiving the Declaration Form." On August 15, 2005, the Director General of KGAC directed the KGAC Investigations Office to execute the ministerial resolution. On June 16, 2007 the Aviation Customs Department began issuing the money declaration forms at the Kuwait City International Airport.

Since 1992, the GOK has funded a U.S. Customs Advisory program to help strengthen its customs enforcement regime. There are currently two U.S. Customs advisors assigned to KGAC, who working directly with KGAC officials including the Director General, to strengthen the KGAC's operations. Through daily interactions and formal training seminars, hosted by the advisors and other USG participants, KGAC officials are increasingly exposed to new methods and ways of assessing the threats posed by money laundering and terrorism financing. The U.S. Customs office in Kuwait routinely offers training courses locally, to enhance the KGAC's capabilities in financial investigations, money laundering operations and customs violations. Post has also utilized the International Visitors Program to send key customs personnel on targeted visit programs in the U.S. Post also supports frequent visits by senior U.S. Treasury officials to meet with senior GOK officials to discuss anti-money laundering and counter terrorism finance (AML/CTF) issues.

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